4 Oct 77

Rewritten version of San Francisco speech.

edited for sending to Mr. Bruce

25X1A

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5 AUG 1975

YESTERDAY THE PRESIDENT ANNOUNCED A MAJOR REORGANIZATION

of the intelligence apparatus of our country. This was the culmination of 6 months of intensive study. This and several other recent actions of the President with respect to intelligence has achieved two things:

- 1. HAS STRENGTHENES CONTROL OVER OUR INTELLIGENCE APPARATUS.
- 2. HAS ENSURED STRINGENT OVERSIGHT OF HOW WE GO ABOUT OUR INTELLIGENCE.

THE STRENGTHENING OF CONTROL HAS COME ABOUT BY GIVING TO MY OFFICE, THAT IS THE DIRECTOR OF CENTRAL INTELLIGENCE, FULL AUTHORITY FOR THE BUDGETS OF THE VARIOUS INTELLIGENCE ORGANIZATIONS AND AUTHORITY FOR SETTING THE TASKS FOR THESE ORGANIZATIONS IN THEIR ATTEMPTS TO COLLECT INTELLIGENCE. INTELLIGENCE, YOU SEE, IS LOCATED IN A NUMBER OF AGENCIES OF OUR GOVERNMENT, NOT JUST IN THE CIA: THE DEFENSE DEPARTMENT, THE STATE DEPT, THE FBI,

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TREASURY AND THE NEW ENERGY DEPT. I HAPPEN TO BE DIRECTOR OF
ONECIA. ALSO HAVE ANOTHER JOB, THAT OF THE DIRECTOR OF
CENTRAL INTELLIGENCE - WHOSE RESPONSIBILITY IT IS TO HAVE ALL OF
THE INTELLIGENCE AGENCIES PULLING TOGETHER. THE NEW ORGANIZATIONA
ARRANGEMENT EMPHASIZES THE IMPORTANCE OF THIS SECOND TASK OF
PULLING ALL OF THESE ACTIVITIES TOGETHER ESPECIALLY WHEN COLLECTI
INTELLIGENCE DATA. FOR INSTANCE, THE DEFENSE AND STATE DEPTS
WILL EACH HAVE THEIR OWN ANALYTICAL AGENCIES IN ADDITION TO THAT
of the CIA. We seek and welcome divergent and competing ideas
AND OPINIONS, FOR GOOD INTELLIGENCE DOES NOT COME BY REVELATION,
IT ALWAYS IS SHROUDED IN UNCERTAINTY AND ALTERNATIVE INTERPRETATION SKEPTICAL - ASSURED

I BELIEVE THAT THIS NEW ORGANIZATIONAL ARRANGEMENT, ENSURE BETTER PERFORMANCE IN BOTH COLLECTING AND INTERPRETING I AM CONFIDENT ALSO THAT THE PRESIDENT AND MANY OTHER OF OUR TOP EXECUTIVES GAVE A GREAT DEAL OF ATTENTION TO

THIS NEW PLAN BECAUSE OF A RECOGNITION THAT GOOD INTELLIGENCE IS PERHAPS MORE IMPORTANT TO OUR COUNTRY TODAY THAN EVER SINCE THE CREATION OF A CENTRAL INTELLIGENCE ORGANIZATION 30 YEARS AGO.

THIRTY YEARS AGO WE HAD VAST MILITARY SUPERIORITY. Soviets having recognized failure of their system to grow in OTHER WAYS, HAVE BECOME A WORLD POWER BASED ON THEIR MILITARY LARGE AMOUNTS OF THIS POWER ARE POISED/ON NATO'S FRONTIERS IN EUROPE/AND RANGE THE HIGH SEAS. IN THIS CONDITION OF ROUGH MILITARY PARITY / THE VALUE OF INTELLIGENCE TODAY IS GREAT. / REAL ADVANTAGES CAN ACCURE FROM ACCURATELY KNOWING WHAT YOUR POTENTIAL ADVERSARY'S STRENGTH IS AND WHAT HE INTENDS TO DO WITH IT. / HE SELDOM TELLS YOU THIS! BUT HE DOES GIVE IT AWAY IN MANY SMALL WAYS, WHICH WHEN WATCHED OVER A LONG PERIOD OF TIME, AND PIECED TOGETHER, CAN GIVE YOU REAL ADVANTAGES. IT IS THE KIND OF LEVERAGE THAT CAN TURN THE TIDE OF BATTLE. THAT'S THE IMPORIANT END PRODUCT OF INTELLIGENCE.

IF YOU LOOK PAST THE MILITARY SCENE, THERE ARE OTHER

SIMILAR SITUATIONS: ECONOMICS - 30 YEARS AGO - ECONOMICALLY

INDEPENDENT - TODAY INTERDEPENDENCE - ENERGY SITUATION - LOSE

SHIRT IF NOT SMART - POWER BLOCKS - RAW MATERIALS/TRADE LEVERAGE.

POLITICS - WORLD DIFFERENT FROM U.S. DOMINATION TO SITUATION

TODAY, EVOLVING NATIONS ARE GOING OWN WAY AND DO NOT WANT TO

BE DICTATED TO EITHER BY THE U.S. OR SOVIET RUSSIA WE MUST

BE SMART, UNDERSTAND POL/ECON/CULTURAL ATTITUDES OR WE WILL

BE OUT-MANEUVERED.

AT THE SAME TIME THAT WE NEED GOOD INTELLIGENCE TODAY

MORE PERHAPS THAN IN THE PAST, WE ARE JUSTIFIBLY MORE CONCERNED

THAT INTELLIGENCE BE COLLECTED, ANALYZED, AND EMPLOYED IN WAYS

CONSONANT WITH OUR CONCEPTS OF SOCIETY. WE CANNOT AFFORD TO

UTILIZE METHODS OF COLLECTING SECRET INTELLIGENCE THAT OUR

SOCIETY FEELS WOULD JEOPARDIZE THE VERY VALUES WHICH WE ARE SEEKING

TO DEFEND.

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Here is where the other half of the President's New program comes into play: stringent oversight. We have taken a number of approaches to this:

1. Reaffirmation of importance of IOB - This is a body created 1½ years ago to serve as a watchdog on ethics and propriety of the entire intelligence community

3 DISTINGUISHED CITIZENS

ANY INDIVIDUAL CAN WRITE

BOARD, WHEN INVESTIGATES, REPORTS ONLY TO PRESIDENT.

2. Supporting Legislation now being considered by Congress to ensure that any wiretapping done in U.S. in the name of collecting foreign intelligence does not contravene rights of our citizens.

Next, we have been looking into the past and trying to ensure the public that any abuses that DID exist are truly behind us.

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FOR INSTANCE, I AM PLEASED TO ANNOUNCE TODAY THAT ALL OF THE RECOMMENDATIONS OF THE ROCKEFELLER COMMISSION WHICH WERE DIRECTED AT THE CIA HAVE BEEN IMPLEMENTED. Token serrously.

WE ARE ALSO LOOKING THE PAST SQUARELY IN THE EYE, WHEN IT IS UNPLEASANT. / ON WEDNESDAY OF THIS WEEK / PRESENTED TO THE CONGRESS/EVERY DETAIL OF INFORMATION WHICH I HA THE DRUG RELATED ACTIVITIES OF THE CIA/DURING THE PERIOD 1953-1965. / Now this was 12 to 24 years ago/and we all hate TO REHASH ERRORS OF THE PAST / ESPECIALLY RECOGNIZING THAT NATIONAL ATTITUDES AND MORES CHANGE WITH TIME AND WHAT MIGHT HAVE BEEN CONDONED YESTERDAY MAY BE COMDEMNED TODAY HAPPENED, HOWEVER, IN THIS CASE, IS THAT WE FOUND DOCUMENTATION ON THIS SUBJECT IN OUR RETIRED RECORDS ARCHIVES WHICH HAD NOT BEEN FOUND DURING CONGRESSIONAL INVESTIGATIONS OF THIS SUBJEC SEVERAL YEARS AGO. / UPON BEING INFORMED OF THIS / I FELT OBLIGED OF THESE REVELATIONS CONCERN ACTIVITIES IN YOUR FINE CITY.

I REGRET THIS BUT ASSURE YOU THAT NOTHING OF THIS SORT IS
BEING, OR WILL BE TOLERATED TODAY THE MOST INEXPLICABLE

PART OF THE ACTIVITIES HERE IN SAN FRANCISCO, AND IN OTHER

CITIES, WAS THE TESTING OF VARIOUS DRUGS ON INDIVIDUALS WITHOUT

THEIR KNOWLEDGE. WE DO NOT HAVE THE NAMES OF THE INDIVIDUALS

TESTED. HOWEVER, NOW THAT WE HAVE UNCOVERED THIS INFORMATION

I INTEND TO MAKE EVERY EFFORT TO IDENTIFY AND NOTIFY THESE

PERSONS A ALL ASSURE

PERSONS A ALL ASSURE

TO THESE THE CONTROL OF THE PRESIDENT TO IDENTIFY AND NOTIFY THESE

PERSONS A ALL ASSURE

PERSONS A ALL ASSURE

TO THESE THESE

AGAIN, I WOULD URGE THAT WE RECOGNIZE THAT THIS IS PAST
HISTORY: TWO DECADES OLD. THE CIA'S OPEN AND FRANK HANDLING
OF THIS DISCLOSURE IS ALSO PART OF AN EFFORT TO OPEN AMERICAN
INTELLIGENCE ACTIVITY TO GREATER PUBLIC SCRUTINY THAN IN THE
PAST. THIS IS PART OF A VOLUNTARY EFFORT TO LEVEL WITH AND INFORM

THE AMERICAN PEOPLE, WITHOUT DAMAGING THAT ONGOING INTELLIGENCE WORK WHICH MUST BE KEPT SECRET TO SUCCEED. FOR EXAMPLE;

WE HAVE TRIED TO BE MORE ACCESSIBLE TO THE MEDIAINVITED THE CAMERAS OF TIME AND 60 MINUTES INSIDE THE CIA FOR
THE FIRST TIME. I AM NOT SURE IF IT WAS GOOD OR BAD TO DO THATWE LOST A LARGE SHARE OF OUR FORMER MYSTIQUE WHEN EVERYONE
DISCOVERED THAT THE JAMES BONDS OF OUR COUNTRY GO TO WORK IN
A RATHER USUAL OFFICE BUILDING WITH RATHER ORDINARY LOOKING
CLUAK TO AGBER
FELLOW-WORKERS. I HOPE THAT THIS LOSS OF GLAMOUR DOESN'T HAVE
AN ADVERSE IMPACT ON OUR RECRUITING!

WE ARE ALSO ATTEMPTING TO MAKE MORE OF OUR

PRODUCT ACCESSIBLE TO THE PUBLIC. THE PUBLICATION OF UNCLASSIFIED

STUDIES IS ONE OF OUR MOST IMPORTANT, SUBSTANTATIVE INITIATIVES.

IT STEMS FROM A CONVICTION THAT THE INTELLIGENCE COMMUNITY IS

WORKING FOR THE AMERICAN PEOPLE AND THAT THEY DESERVE TO SHARE

OUR RESULTS WHENEVER THAT IS POSSIBLE. WE INTEND TO PUBLISH

IN UNCLASSIFIED FORM THE MAXIMUM AMOUNT OF INTELLIGENCE ANALYSIS

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THAT WE CAN.

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To date we have published several major studies which I

BELIEVE MAKE AN IMPORTANT CONTRIBUTION TO PUBLIC DEBATE:

This past march we published a report on World Energy situation

AND TWO SUBORDINATE STUDIES ON THE SOVIET AND CHINESE ENERGY

PROSPECTS

## -ESSENTIALLY ECONOMIC STUDYES

## --STUDNESSAID:

WORLD ENERGY PRODUCTION CAPABILITY WILL FALL

BEHIND DEMAND IN EARLY TO MID-1980'S; THAT MEANS

THERE WILL BE PRESSURE ON PRICES. WHY? ONE

REASON IS THAT WE EXPECT A SHARP DECLINE IN

OUTPUT OF OIL IN THE SOVIET UNION. SOVIETS

DON'T TELL US THESE THINGS, EVEN THOUGH IT WILL

HAVE MAJOR IMPACT ON THE WORLD ECONOMY AFTER ALL,

THE SOVIET UNION IS WORLD'S LARGEST PRODUCER OF OIL.

But we have used <u>intelligence</u> to piece this together - Largely open sources.

MAKE CLEAR - NOT? OF WORLD OIL RESERVES AND WHETHER WE ARE RUNNING OUT OF OIL? THE ISSUE IS ONE OF GETTING ENOUGH OIL OUT OF THE GROUND OR BEING ABLE TO FIND ALTERNATIVES LIKE NUCLEAR POWER OR CONSERVATION MEASURES ADEQUATE TO REDUCE DEMAND TO THE LEVEL OF PRODUCTION IN THE NEXT 7 TO 8 YEARS. WE DON'T THINK WE CAN FIND ANY COMBINATION THAT COULD FILL THE BILL BEFORE 1985. AFTER THAT IT IS A DIFFERENT QUESTION.

ONE OF THE SIDE BENEFITS OF PUBLISHING THIS TYPE OF STUDY

IS THE EXCHANGES IT LEADS TO WITH OUR CRITICS. I REPLIED TO ALL

SERIOUS CRITICS AND INVITED THEM TO DETAIL THEIR CRITICISMS.

THOSE WHO DID, INVITED TO SPEND A DAY WITH THE AUTHORS OF OUR

STUDY. IT WAS AN EXCELLENT EXCHANGE AND OF A TYPE WHICH I HOPE

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On the contraction of the cont

TO ENCOURAGE WITH THE ACADEMIC AND INDUSTRIAL COMMUNITIES.

WE HAVE ALSO DELIVERED A STUDY TO THE JOINT ECONOMIC

COMMITTEE OF CONGRESS WHICH WILL BE RELEASED BY THEM THIS

COMING TUESDAY. IT THOROUGHLY EXAMINES THE OUTLOOK FOR THE

ENTIRE SOVIET ECONOMY OVER THE NEXT DECADE. IN NEITHER THE

OIL STUDIES OR THE SOVIET ECONOMY STUDY DO WE PRETEND THAT

SOVIET ECONOMIC PROBLEMS ARE INSURMOUNTABLE. WE DO POINT OUT,

HOWEVER, THAT SOME CHARACTERISTICS OF THE SOVIET ECONOMY, WHEN

VIEWED IN THE LIGHT OF PERFORMANCE OVER THE PAST FEW YEARS,

INDICATE THE SOVIETS WILL - IN THE NEAR FUTURE BE FORCED TO

MAKE SOME DIFFICULT CHOICES. FOR EXAMPLE:

CAN THEY CONTINUE TO EXPORT OIL TO THEIR EASTERN

EUROPEAN SATELLITES OR WILL THEY NEED TO SEND IT ELSEWHERE

TO EARN HARD CURRENCY?

WILL THEY CONTINUE TO CONSUME OIL AT THE SAME RATE,

OR WILL THEY HAVE TO TURN TO A VIGOROUS CONSERVATION PROGRAM?

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Every Slow - credit in west

CAN THEY MEET THE INCREASING MANPOWER NEEDS OF
THEIR INDUSTRY AND STILL MAINTAIN THEIR HUGE MILITARY
ESTABLISHMENT?

THESE ARE ONLY SOME OF THE IMPLICATIONS OF OUR FINDINGS,

IT IS MY HOPE THAT THESE STUDIES WILL CONTRIBUTE ANOTHER

PERSPECTIVE TO INFORMED PUBLIC DEBATE ON THIS ISSUE AND ENGAGE

THE AMERICAN PUBLIC WITH THEIR INTELLIGENCE COMMUNITY.

LET ME ASSURE YOU, HOWEVER, THAT WE CAN NOT AND WILL NOT OPEN EVERYTHING UP. AN ESSENTIAL INGREDIENT OF INTELLIGENCE OPERATIONS IS THE ABILITY TO PRESERVE SECRETS. SOME OF THE INFORMATION BEHIND BOTH THE SOVIET OIL AND ECONOMIC FORECASTS WAS DERIVED FROM SECRET SOURCES WHICH WOULD BE JEOPARDIZED IN THE FUTURE WERE WE TO REVEAL THEM.

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Thus, we cannot forget that while we move to demystify intelligence activities and to build public understanding and support for what we do in the defense of our country we must ask and obtain the public's cooperation in preserving that Level of secrecy which is essential to these activities.

IN SHORT WE ARE WORKING IN TWO DIRECTIONS AT ONCE. BY
DECLASSIFYING INFORMATION THAT NEED NOT BE CLASSIFIED WE ARE
ATTEMPTING TO PROMOTE GREATER RESPECT FOR GENUINELY SECRET
INFORMATION.

ON THE OTHER SIDE OF THE COIN, WE ARE DRAWING A TIGHTER PROTECTIVE CIRCLE AROUND THAT INFORMATION OR THOSE ACTIVITIES WHICH ARE TRULY SECRET.

Thus today, we are downgrading more information to unclassifie and publishing it for public use on the one hand; and enforcing greater controls on secrecy where justified on the other.

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IN CONCLUSION, LET ME MAKE THREE POINTS:

- 1. THE INTELLIGENCE COMMUNITY IS A UNIQUE NATIONAL RESOURCE WITHOUT WHICH OUR COUNTRY COULD NOT OPERATE AS WELL AS IT DOES IN THIS COMPLICATED WORLD. THIS RESOURCE MUST BE PRESERVED
- OVERSEEING INTELLIGENCE ACTIVITIES AND BECAUSE OF THE
  PERSONAL INTEREST OF THE PRESIDENT AND VICE PRESIDENT

  COUPLED WITH A SENSITIVITY WITHIN THE INTELLIGENCE

  COMMUNITY ITSELF TO THE ISSUES OF LEGALITY, MORALITY AND

  ETHICS, HEIGHTENED OVER THE PAST FEW YEARS OF INVESTIGATION

  AND CRITICISM, YOU CAN BE ASSURED THAT THE INTELLIGENCE

  COMMUNITY IS DOING THE JOB IT WAS CREATED TO DO, DOING IT

  COMPETENTLY, AND DOING NOTHING ELSE

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3. YOU WILL BE HEARING FROM THE INTELLIGENCE

COMMUNITY. I INTEND TO MAKE THE PUBLIC ONE OF THE

DIRECT BENEFICIARIES OF OUR EFFORTS TO A DEGREE WHICH

HAS NEVER BEEN ATTEMPTED BEFORE.

I ASK YOUR INTEREST AND YOUR SUPPORT.

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## INTELLIGENCE TODAY

In August, the President announced a major reorganization of the American intelligence apparatus. This reorganization has strengthened the controls over all elements of the Intelligence Community, and has ensured stringent oversight of how we go about the business of intelligence.

The strengthening of control has come about by giving to the Director of Central Intelligence, full authority for the budgets and for setting the tasks of the various intelligence organizations, in their attempts to collect intelligence. Intelligence collection is carried out by a number of agencies of the Government, not just in the CIA: the Defense Department, the State Dept., the FBI, Treasury, and the new Energy Dept. All have intelligence responsibilities. The Director of Central Intelligence is responsible for ensuring that all the intelligence agencies of our government are pulling together and moving toward the same goals. The new organizational arrangement emphasizes the importance of this task of pulling together, especially in the collection of intelligence data. This is especially important, because collecting intelligence is the most expensive and riskiest part of the intelligence process. The best collection resources of our government, wherever they may be located, must be capable of being aggregated and focused on collecting the information which the President and Congress need to make their decisions.

The other half of the problem is interpreting the information which is collected. By far, most of the people and energies of the CIA and the other intelligence organizations in the government are devoted to this scholarly pursuit. The Defense and State Departments have their own independent analytical staffs, in addition to that of CIA. Good intelligence does not come by revelation. It is always shrouded in uncertainty and alternative interpretation. These three analytical organizations provide divergent and competing ideas to the decisionmakers, assuring them of a wide spectrum of opinions.

The President and many other of our top executives have given a great deal of attention to developing this new plan because of their recognition that good intelligence is perhaps more important to our country today than ever since the creation of a Central Intelligence organization thirty years ago. This arrangement will ensure better performance in both collecting and interpreting intelligence.

Thirty years ago America had vast military superiority in the world. The Soviet Union, having recognized the failure of its system to grow in other ways, has become a world power based on its military might. Large amounts of this power are poised on NATO's frontiers in Europe and range the high seas. Today, in a time of rough military parity between the United States and the Soviet Union, the value of intelligence is heightened. Significant advantage accrues from accurately knowing what a potential adversary's strength is and what he intends to do with it. He seldom tells you this, but he does reveal it in

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many small ways. When watched over a long period of time and pieced together, these small clues betray trends and attitudes which can give the observer the kind of real advantages that can turn the tide of battle.

If you look past the military scene to the economic and political spheres, the situation is similar. years ago we were economically independent. Today the world is interdependent. The complex energy needs and dependencies of the United States and her allies demand a special awareness of the forces at work if shirts are not to be lost. Even small developing nations can combine into power blocks to wield the club of raw materials as trade leverage. The world is also different politically. In the lifetime of most of us we have seen the United States move from a capability to dominate the rest of the world idealogically, to the situation today where even the smallest evolving nations go their own way and refuse to be dictated to either by the United States or Soviet Russia. We must be smart, we must understand the political, economic, and cultural attitudes of our neighbors or we can be out-maneuvered, and perhaps find ourselves without the freedom to act in our own best interests.

At the same time that we need good intelligence, perhaps more today than in the past, we are justifiably more concerned that our intelligence methods reflect high standards of legality and morality. Naturally, this places us at a disadvantage when other nations operate with no-holds-barred. Nonetheless, the dual nature of our system demands that pragmatism be balanced

by a sense of morality. If we believe that these are complimentary virtues then pragmatism must give way to morality when methods of collecting secret intelligence begin to jeopardize the very values which we are seeking to protect.

Here is where the other half of the President's new program comes into play. Stringent oversight ensures the American public that despite the necessary secrecy which must surround intelligence activities, those activities are revealed to and approved by duly elected representatives and respond to legitimate national needs. To this, a number of approaches have been taken.

One is the reaffirmation of the importance of the Intelligence Oversight Board. This Board, comprised of three distinguished citizens, was created one and one-half years ago to serve as a watchdog on the ethics and propriety of the entire Intelligence Community. Any employee can write directly to this Board citing problems or concerns. The Board then investigates the alleged problem and reports only to the President.

Another is supporting legislation which is now being considered by Congress to ensure that any wiretapping done in the U.S. in the name of collecting foreign intelligence does not contravene the rights of our citizens.

Next, we have been looking into the past to ensure that any abuses that did exist are truly behind us. In August, Congress was presented with every detail of information on drug-related activities from 1953 to 1965 of which the CIA is aware.

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This documentation, which had not been found during Congressional investigations of this subject several years ago, was found by the CIA in its retired records and archives. The President and the Congress were immediately notified. The open and frank handling of this disclosure is part of a wide-ranging, voluntary effort by the CIA to open American intelligence activity to greater public scrutiny than in the past, without damaging ongoing intelligence work which must be kept secret to succeed.

The CIA has tried also to be more accessible to the media and the public directly. The cameras of <u>Time</u> and <u>60 Minutes</u> were invited inside the CIA for the first time this past Summer and a program was established to look at all ongoing studies to determine if they could be declassified and made available directly to the public. While television and press coverage provide information to a vast audience, the publication of unclassified studies provides a more substantive contribution to public knowledge stemming from a conviction that the Intelligence Community is working for the American people who deserve to share the results of collection and analysis efforts whenever that is possible. It is intended that both these initiatives continue to maximize the amount of unclassified intelligence reaching the public domain.

To date several major studies have been published which make an important contribution to national debate: This past March a report on the world energy situation along with two subordinate studies on Soviet and Chinese energy prospects were published. These studies said that the world energy production

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capability will fall behind demand in the early mid-1980's, subsequently resulting in increased pressure on prices.

One cause, pieced together largely from unclassified sources, will derive from a sharp decline in the output of Soviet oil. The Soviets do not announce these trends even though, as the largest oil producer in the world today, they will have a major impact on the world economy.

The conclusions in these studies are not predicated on the status of world oil reserves or whether producers are running out of oil. Instead, the issues revolve around the capability of producers to, over the next 7 to 8 years, extract enough oil from the ground to meet growing demands, or to find alternatives like nuclear power, or to adopt adequate conservation measures to reduce demand to the level of production. No combination of these measures is seen to be able to fill the bill before 1985.

One of the side benefits of publishing this type of study is the exchange it encourages with critics. All serious critics were invited to detail their criticisms. Those who did were invited to spend a day with the authors of the study discussing their differences. It was an excellent exchange and of a type which it is hoped can be encouraged with the academic and industrial communities.

A study recently done for the Joint Economic Committee of Congress has been released. It examined the outlook for the entire Soviet economy over the next decade. In neither the oil nor the economic studies are Soviet economic problems painted and insurmountables 14 However BF80B01554R802700130001-2 that

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Approved For Release 2001/08/14 : CIA-RDP80B01554R092700130001-2 some characteristics of the Soviet economy, when viewed in light of performance over the past few years, indicate that in the future the Soviets will be forced to make some difficult For example, can the Soviets continue to export oil choices. to their Eastern European satellites or will they need to send it elsewhere to earn hard currency? Will they continue to consume oil at the same rate, or will they have to turn to a vigorous conservation program? With such a slow growth rate, will they have to turn to the West for credits? Can they meet the increasing manpower needs of industry and still maintain a huge military establishment? It is hoped that these studies will contribute another perspective on the issues and engage the American public in a continuing discussion with the Intelligence Community.

On the other hand, an essential ingredient of intelligence operations is the ability to preserve secrets. The Intelligence Community cannot and will not open up totally. Some of the information behind both the Soviet oil and economic forecasts was derived from secret sources which would be jeopardized were they to be revealed. While steps can be taken to demystify intelligence and build public understanding and support, public cooperation must be enlisted to preserve the level of secrecy essential to these activities.

The problem of preserving secrecy is being approached from two directions simultaneously. By declassifying information that need not be classified, a greater respect for genuinely secret information should be encouraged. By drawing a tighter protective circle around a smaller corpus of truly secret

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information, there should be less opportunity for it to be compromised.

Three points underscore this discussion of intelligence today. First, the Intelligence Community is a unique national resource without which our country could not operate as well as it does in a complicated world. This resource must be preserved. Second, the Intelligence Community intends to make the public one of the direct beneficiaries of its efforts to a degree which has never been attempted before. Third, because of the intense interest in Congress in overseeing intelligence activities; because of the personal interest of the President and Vice President; because of a heightened sensitivity within the Intelligence Community itself to the issues of legality, morality and ethics, the American public can be more confident today than ever before that the Intelligence Community is doing the job that it was created to do, doing it very competently, and doing nothing else.